

The Prudential Insurance Company of America
Jan 15, 2020**SERFF #:** PRUD-131980364**Filing Summary:**

Prudential requested approval to increase the premium on the ILTC-3 Series (GRP 113172, GRP 113172 ED 05/2009, GRP 113570, and GRP 113570 ED/2009). The company requested different rate increases if the policy has a lifetime benefit period rather than a limited benefit period, also if it has auto inflation or not. The policies were offered in PA from 9/2005 through 8/2012.

ILTC-3 Policy Type	# of Policies	Requested Increase
No inflation & 10-year or lifetime benefits	13	50.00%
No inflation & less than 10-year benefits	324	0.00%
Auto inflation & 10-year or lifetime benefits	77	90.00%
Auto inflation & less than 10-year benefits	950	50.00%
All	1,364	43.40%

The Department approved the following.

1. For the 13 policies with no inflation and 10-year or lifetime benefit period, the Department approved a 20% increase.
2. For the 324 policies with no inflation and less than 10-year benefits, Prudential has requested no increase, so no Department approval is required.
3. For the 77 policies with auto inflation and 10-year or lifetime benefit period, the Department approved two 20% increases, the second to be implemented no sooner than one year after the first. The policyholder will have the option of avoiding the two increases by lowering future inflation indexing from 5% to 2.7% or 3% to 0.7%.
4. For the 950 policies with auto inflation and less than 10-year benefits, the Department approved two 15% increases, the second to be implemented no sooner than one year after the first. The policyholder will have the option of avoiding the two increases by lowering future inflation indexing from 5% to 3.4% or 3% to 1.4%.

Effective date of rate change: Renewals on and after 1/15/2019.

The current policies in place are not generating sufficient premium to pay future claims to policyholders. This is a common problem for a number of insurers nationwide because policyholders are keeping their policies longer than expected and are living longer than projected. As a result, policyholders are using more benefits on average than the

company anticipated when the policies were originally sold. This means the company has to pay out more for benefits than it originally projected.

In making this decision, the Department considered the projected loss ratio for each block of policy forms, that is, the projected total amount of benefits paid out versus the total amount of premium collected, the reasonableness of the assumptions the company used in its projections, and the company's financial situation. The Department also considered the financial impact this rate increase would pose to consumers, the past rate increases policyholders have faced, and the availability of options to limit the rate increase by reducing benefits.

The company is offering ways for policyholders to limit the rate increase by reducing benefits. The company will let you know your options when they contact you directly about this premium increase.

This Rate Filing Decision Summary is a tool to help explain the rate filing and does not describe all the factors considered as part of the Department's rate review.